

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended February 29, 2016  
(Based on Japanese GAAP)**

April 12, 2016

Company name: RISO KYOIKU CO., LTD  
 Stock exchange listing: Tokyo  
 Stock code: 4714 URL <http://www.tomas.co.jp/>  
 Representative: President and CEO Masahiko Tenbo  
 Inquiries: Executive Vice President Kazuyoshi Minagi TEL 03-5996-3701  
 Scheduled date of ordinary general meeting of shareholders: May 26, 2016  
 Scheduled date to file Securities Report: May 27, 2016  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2016 (from March 1, 2015 to February 29, 2016)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2016	19,643	4.6	1,890	87.9	1,857	89.8	1,428	(40.0)
Year ended February 28, 2015	18,776	(5.1)	1,006	–	978	–	2,379	–

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2016	27.69	–	20.7	15.1	9.6
Year ended February 28, 2015	47.81	–	54.7	6.8	5.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2016	12,493	7,785	62.3	150.84
As of February 28, 2015	12,069	6,041	50.1	117.21

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2016	1,434	(217)	9	4,515
Year ended February 28, 2015	(2,546)	5,488	(1,556)	3,288

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2015	0.00	0.00	0.00	0.00	0.00	–	–	–
Year ended February 29, 2016	0.00	0.00	0.00	10.00	10.00	519	36.1	7.5
Year ending February 28, 2017 (Forecast)	0.00	8.00	0.00	8.00	16.00		66.5	

3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,800	5.9	2,100	11.1	2,050	10.4	1,250	(12.5)	24.06

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 29, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: Yes
- Restatement of prior period financial statements after error corrections: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2016	52,069,943 shares	As of February 28, 2015	52,069,943 shares
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Number of treasury shares at the end of the period

As of February 29, 2016	452,238 shares	As of February 28, 2015	521,529 shares
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Average number of shares during the period

Year ended February 29, 2016	51,584,695 shares	Year ended February 28, 2015	49,772,038 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	3,288,665	4,515,815
Operating accounts receivable	1,217,097	1,356,567
Inventories	107,063	99,636
Income taxes receivable	53,945	–
Deferred tax assets	234,437	100,167
Other	326,682	334,597
Allowance for doubtful accounts	(11,721)	(11,733)
Total current assets	5,216,168	6,395,050
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,881,015	1,890,504
Accumulated depreciation	(904,656)	(967,660)
Buildings and structures, net	976,358	922,843
Tools, furniture and fixtures	1,420,024	1,345,177
Accumulated depreciation	(532,071)	(508,114)
Tools, furniture and fixtures, net	887,952	837,062
Land	417,963	417,963
Other	15,988	13,668
Accumulated depreciation	(15,974)	(13,668)
Other, net	14	0
Total property, plant and equipment	2,282,289	2,177,869
Intangible assets		
Other	218,454	200,430
Total intangible assets	218,454	200,430
Investments and other assets		
Investment securities	2,394	1,274
Deferred tax assets	2,157,915	1,563,305
Lease and guarantee deposits	1,990,590	1,952,297
Other	116,422	163,750
Total investments and other assets	4,267,324	3,680,628
Total non-current assets	6,768,068	6,058,928
Deferred assets		
Share issuance cost	85,738	39,446
Total deferred assets	85,738	39,446
Total assets	12,069,976	12,493,425

(Thousands of yen)

	As of February 28, 2015	As of February 29, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	913,048	805,368
Income taxes payable	84,799	127,684
Advances received	1,646,079	1,155,577
Provision for sales returns	13,790	13,777
Provision for bonuses	112,687	144,086
Provision for loss on classroom closing	5,214	–
Provision for cancelation refunds	528,143	45,622
Asset retirement obligations	30,031	–
Other	647,278	750,648
<b>Total current liabilities</b>	<b>3,981,075</b>	<b>3,042,766</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	1,210,431	826,949
Asset retirement obligations	828,827	836,410
Other	7,892	1,436
<b>Total non-current liabilities</b>	<b>2,047,150</b>	<b>1,664,796</b>
<b>Total liabilities</b>	<b>6,028,226</b>	<b>4,707,563</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,890,415	2,890,415
Capital surplus	822,859	822,859
Retained earnings	2,521,937	4,181,754
Treasury shares	(249,069)	(215,016)
<b>Total shareholders' equity</b>	<b>5,986,143</b>	<b>7,680,012</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	425	(68)
Remeasurements of defined benefit plans	55,180	105,917
<b>Total accumulated other comprehensive income</b>	<b>55,606</b>	<b>105,849</b>
<b>Total net assets</b>	<b>6,041,749</b>	<b>7,785,861</b>
<b>Total liabilities and net assets</b>	<b>12,069,976</b>	<b>12,493,425</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Net sales	18,776,583	19,643,220
Cost of sales	14,558,420	14,351,245
Gross profit	4,218,163	5,291,974
Selling, general and administrative expenses	3,211,935	3,401,516
Operating income	1,006,227	1,890,458
Non-operating income		
Interest income	537	669
Dividend income	222	47
Refunded consumption taxes	4,711	–
Gain on forfeiture of unclaimed dividends	4,842	6,594
Dividend income of insurance	3,997	–
Interest on refund	11,502	590
Gain on bad debts recovered	1,842	2,808
Other	4,971	3,404
Total non-operating income	32,627	14,114
Non-operating expenses		
Interest expenses	16,408	201
Amortization of share issuance cost	38,286	46,292
Other	5,636	697
Total non-operating expenses	60,331	47,191
Ordinary income	978,523	1,857,381
Extraordinary income		
Gain on sales of investment securities	124,212	–
Gain on sales of non-current assets	1,162,852	1,312
Reversal of allowance for provision for cancellation refunds	950,502	474,922
Refunds on prior periods dividends income	921,299	–
Other	14,073	9,072
Total extraordinary income	3,172,939	485,307
Extraordinary losses		
Impairment loss	508,319	74,439
Loss on retirement of non-current assets	12,278	10,585
Relocation expenses	36,545	10,842
Litigation expenses	–	26,446
Loss on fraud transactions	39,385	22,062
Business structure improvement expenses	147,945	25,394
Loss on insurance cancellation	43,064	–
Provision for loss on classroom closing	5,214	–
Other	7,851	–
Total extraordinary losses	800,604	169,771
Income before income taxes and minority interests	3,350,859	2,172,917
Income taxes - current	140,382	161,379
Refund of income taxes	(139,329)	(10,700)
Income taxes - deferred	970,019	593,685
Total income taxes	971,072	744,364
Income before minority interests	2,379,786	1,428,552
Net income	2,379,786	1,428,552

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Income before minority interests	2,379,786	1,428,552
Other comprehensive income		
Valuation difference on available-for-sale securities	(76,703)	(494)
Remeasurements of defined benefit plans, net of tax	–	50,736
Total other comprehensive income	(76,703)	50,242
Comprehensive income	2,303,082	1,478,795
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,303,082	1,478,795
Comprehensive income attributable to minority interests	–	–

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,390,415	3,223,702	(2,737,129)	(290,314)	2,586,674
Changes of items during period					
Issuance of new shares	500,000	500,000			1,000,000
Deficit disposition		(2,900,843)	2,900,843		–
Dividends of surplus					–
Net income			2,379,786		2,379,786
Purchase of treasury shares				(2,164)	(2,164)
Disposal of treasury shares		(21,562)		43,409	21,846
Transfer to capital surplus from retained earnings		21,562	(21,562)		–
Net changes of items other than shareholders' equity					
Total changes of items during period	500,000	(2,400,842)	5,259,067	41,244	3,399,468
Balance at end of current period	2,890,415	822,859	2,521,937	(249,069)	5,986,143

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	77,129	–	77,129	–	2,663,804
Changes of items during period					
Issuance of new shares					1,000,000
Deficit disposition					–
Dividends of surplus					–
Net income					2,379,786
Purchase of treasury shares					(2,164)
Disposal of treasury shares					21,846
Transfer to capital surplus from retained earnings					
Net changes of items other than shareholders' equity	(76,703)	55,180	(21,522)	–	(21,522)
Total changes of items during period	(76,703)	55,180	(21,522)	–	3,377,945
Balance at end of current period	425	55,180	55,606	–	6,041,749

Fiscal year ended February 29, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,890,415	822,859	2,521,937	(249,069)	5,986,143
Cumulative effects of changes in accounting policies	–	–	243,795	–	243,795
Restated balance	2,890,415	822,859	2,765,733	(249,069)	6,229,939
Changes of items during period					
Net income			1,428,552		1,428,552
Purchase of treasury shares				(2,098)	(2,098)
Disposal of treasury shares		(12,531)		36,151	23,619
Transfer to capital surplus from retained earnings		12,531	(12,531)		–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	1,416,020	34,052	1,450,073
Balance at end of current period	2,890,415	822,859	4,181,754	(215,016)	7,680,012

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	425	55,180	55,606	–	6,041,749
Cumulative effects of changes in accounting policies	–	–	–	–	243,795
Restated balance	425	55,180	55,606	–	6,285,545
Changes of items during period					
Net income					1,428,552
Purchase of treasury shares					(2,098)
Disposal of treasury shares					23,619
Transfer to capital surplus from retained earnings					–
Net changes of items other than shareholders' equity	(494)	50,736	50,242	–	50,242
Total changes of items during period	(494)	50,736	50,242	–	1,500,315
Balance at end of current period	(68)	105,917	105,849	–	7,785,861



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	3,350,859	2,172,917
Depreciation	201,474	215,969
Amortization of deferred assets	40,256	46,292
Increase (decrease) in allowance for doubtful accounts	8,063	11
Increase (decrease) in provision for bonuses	(22,214)	31,399
Increase(decrease) in provision for cancellation refunds	(2,233,085)	(482,521)
Increase (decrease) in net defined benefit liability	46,423	(54,560)
Increase (decrease) in other provision	(633)	(12)
Interest and dividend income	(760)	(716)
Loss (gain) on sales of investment securities	(124,212)	–
Loss on retirement of property, plant and equipment	12,278	10,585
Refunds on prior periods dividends income	(921,299)	–
Impairment loss	508,319	74,439
Interest expenses	16,408	201
Loss (gain) on sales of non-current assets	(1,162,852)	(1,312)
Decrease (increase) in notes and accounts receivable - trade	(603,263)	(139,470)
Decrease (increase) in inventories	4,718	7,426
Increase (decrease) in notes and accounts payable - trade	(2,238)	10,826
Decrease (increase) in consumption taxes refund receivable	307,568	–
Increase (decrease) in accrued consumption taxes	254,347	86,769
Increase (decrease) in accounts payable - other	(925,293)	(124,661)
Increase (decrease) in advances received	(2,456,969)	(490,502)
Other, net	209,870	136,645
Subtotal	(3,492,233)	1,499,726
Interest and dividend income received	760	716
Interest expenses paid	(16,745)	(201)
Income taxes paid	(183,707)	(130,359)
Income taxes refund	648,915	64,426
Proceeds from refunds on prior periods dividends income	921,299	–
Payments for penalty	(424,770)	–
Net cash provided by (used in) operating activities	(2,546,481)	1,434,308
Cash flows from investing activities		
Purchase of property, plant and equipment	(78,156)	(104,570)
Proceeds from sales of property, plant and equipment	4,394,444	62,264
Purchase of intangible assets	(56,920)	(67,327)
Proceeds from sales of investment securities	871,042	356
Proceeds from cancellation of insurance funds	383,986	–
Payments for lease and guarantee deposits	(61,085)	(56,177)
Proceeds from collection of lease and guarantee deposits	171,944	65,074
Purchase of insurance funds	(64,849)	(52,061)
Other, net	(71,948)	(64,620)
Net cash provided by (used in) investing activities	5,488,456	(217,060)

(Thousands of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Cash flows from financing activities		
Increase in short-term loans payable	500,000	–
Decrease in short-term loans payable	(2,000,000)	–
Repayments of long-term loans payable	(785,000)	–
Cash dividends paid	(3,205)	(892)
Proceeds from issuance of common shares	927,952	–
Redemption of bonds	(200,000)	–
Purchase of treasury shares	(2,164)	(2,098)
Proceeds from disposal of treasury shares	21,846	23,619
Other, net	(16,088)	(10,726)
Net cash provided by (used in) financing activities	(1,556,659)	9,902
Net increase (decrease) in cash and cash equivalents	1,385,315	1,227,150
Cash and cash equivalents at beginning of period	1,903,350	3,288,665
Cash and cash equivalents at end of period	3,288,665	4,515,815